

# School Division Tax Loss Compensation Fund



2012-13  
FUNDING AND STATISTICS



Government  
of  
Saskatchewan

## Letters of Transmittal



Her Honour, the Honourable Vaughn Solomon Schofield  
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Financial Statements of the School Division Tax Loss Compensation Fund for the fiscal year ending March 31, 2013.

A handwritten signature in dark ink, appearing to read "R. Marchuk".

Russ Marchuk  
Minister of Education



The Honourable Russ Marchuk  
Minister of Education

I have the honour of submitting the Financial Statements of the School Division Tax Loss Compensation Fund for the fiscal year ending March 31, 2013.

A handwritten signature in dark ink, appearing to read "D. Florizone".

Dan Florizone  
Deputy Minister of Education

PROVINCIAL AUDITOR  
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the School Division Tax Loss Compensation Fund, which comprise the statement of financial position as at March 31, 2013, and the statement of operations and net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

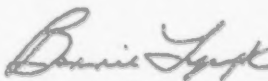
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the School Division Tax Loss Compensation Fund as at March 31, 2013, and the statement of operations and net assets for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan  
June 13, 2013

  
Bonnie Lysyk, MBA, CA  
Provincial Auditor

School Division Tax Loss Compensation Fund  
Statement of Financial Position  
As At March 31

## ASSETS

	2013	2012
Due from General Revenue Fund ( <i>Note 4</i> )	\$ 7,377,266	\$ 7,273,688
Accounts receivable	14,431	49,668
Interest receivable	20,084	19,253
	<u>\$ 7,411,781</u>	<u>\$ 7,342,609</u>

## LIABILITIES and NET ASSETS

Liabilities		
Accounts payable	\$ 11,574	\$ 43,924
Net assets ( <i>Statement 2</i> )	<u>7,400,207</u>	<u>7,298,685</u>
	<u>\$ 7,411,781</u>	<u>\$ 7,342,609</u>

(See accompanying notes to the financial statements)

## Statement 2

**School Division Tax Loss Compensation Fund**  
**Statement of Operations and Net Assets**  
**For the Year Ended March 31**

	2013	2012
<b>Revenue</b>		
Contributions	\$ 84,383	\$ 122,765
Interest income	80,426	76,385
	<u>164,809</u>	<u>199,150</u>
<b>Expenses</b>		
Compensation to school divisions (Note 6)	<u>63,287</u>	<u>92,074</u>
Surplus for the year	101,522	107,076
Net assets, beginning of year	<u>7,298,685</u>	<u>7,191,609</u>
<b>Net assets, end of year – to Statement 1</b>	<u><b>\$ 7,400,207</b></u>	<u><b>\$ 7,298,685</b></u>

(See accompanying notes to the financial statements)

**School Division Tax Loss Compensation Fund**  
**Notes to the Financial Statements**  
**March 31, 2013**

**1. Purpose and Creation of the Fund**

The School Division Tax Loss Compensation Fund (Fund) was created by an amendment to *The Education Act* through *The Treaty Land Entitlement Implementation Act*. The amendment came into force on June 22, 1993. Order in Council #840/94 established regulations to administer the Fund on December 14, 1994.

The Fund is administered by the Ministry of Education on behalf of school boards. The purpose of the Fund is to provide tax loss compensation to school divisions that lose tax revenue as a result of lands within that school division being set apart as an Indian reserve. The Fund receives money from the provincial (Ministry of Government Relations) and federal (Department of Aboriginal Affairs and Northern Development Canada) governments as part of the Treaty Land Entitlement Framework Agreement. Payments are made to affected school divisions according to the formula stated in the regulations.

**2. Significant Accounting Policies**

These financial statements are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These financial statements do not present a Statement of Change in Net Assets or a Statement of Cash Flows because this information is readily apparent from the Statement of Operations and Net Assets.

**Revenue**

Contributions and Interest Income are recorded when earned, provided the amount to be received can be reasonably estimated and collection is reasonably assured.

**Expenses**

Compensation to school divisions is recorded when the Minister's Order or Order in Council is issued.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Due to the inherent uncertainty involved in such assessments, actual results may differ from those estimates.

**Accounting Policy Change**

The Fund adopted Canadian public sector accounting standards PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3410 Government Transfers and PS 3450 Financial Instruments during the year. The adoption of these standards had no significant impact on the Fund's financial results.



**School Division Tax Loss Compensation Fund**  
**Notes to the Financial Statements**  
**March 31, 2013**

**3. Related Party Transactions**

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Ministry of Education. Included in revenue is \$25,315 (2012-\$36,830) from the Ministry of Government Relations, of which \$4,330 (2012-\$9,373) was receivable at March 31, 2013. Accounts payable to school divisions at March 31, 2013 is \$11,574 (2012-\$43,924). Other related party transactions are disclosed separately in these financial statements.

**4. Due from the General Revenue Fund**

The monies of the Fund are deposited in the General Revenue Fund. The Fund's interest is calculated and paid from the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's average daily account balance. The Government's average thirty-day borrowing rate for the year ended March 31, 2013 is 1.09% (2012-1.05%). Interest receivable from the General Revenue Fund at March 31, 2013 is \$20,084 (2012-\$19,253).

**5. Financial Instruments**

The Fund's financial instruments include due from General Revenue Fund, accounts receivable, interest receivable and accounts payable. Due to the immediate or short-term nature, the fair value of these financial instruments approximates their carrying values.

***Interest Rate Risk***

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest receivable is subject to interest rate risk.

Interest income is a small portion of the Fund's total revenue and increases or decreases in interest rates would not be expected to impact the fund's operations.

**6. Compensation to School Divisions**

The following lists the distributions made to school divisions.

	2013	2012
Good Spirit SD #204	\$ -	\$ 15,631
Horizon SD #205	18,951	-
Living Sky SD #202	15,100	6,800
Northwest SD #203	6,464	13,861
Prairie South SD #210	1,578	-
Prairie Spirit SD #206	-	3,216
Prairie Valley SD #208	19,994	52,566
South East Cornerstone SD #209	1,200	-
<b>Total</b>	<b>\$ 63,287</b>	<b>\$ 92,074</b>